Health Care Authority / Health Benefits Exchange Overview
One-Card Option Proposed for Washington State

In early 2012, the Health Care Authority (HCA) and Health Benefit Exchange (Exchange) held joint and individual discussions with Medicaid plans and commercial carriers on the issues of churn and whole family coverage. HCA contracted with the Institute for Health Policy Solutions (IHPS) to craft a problem statement and provide a set of policy options for consideration. IHPS also engaged in a significant stakeholdering effort through several in-person and phone meetings with plans to understand differing views on the scope of the problem and to discuss several straw-man options for addressing churn between coverage options and the prospect of whole-family coverage. Options included the potential for limited participation of (a) Medicaid plans in the Exchange and (b) Exchange qualified health plans (QHPs) in Medicaid. The purpose of these options was to avoid disruption of coverage, severing of critical provider connections, and split-family coverage.

Conversations generated varying levels of interest among plans, and culminated in the specific "One-Card" proposal described further below.

HCA and HBE remain committed to ongoing discussion on approaches for mitigating the effects of churn, recognizing that the Exchange marketplace has yet to be fully formed and stabilized. There is considerable uncertainty over which carriers will offer QHPs and which managed care organizations will pursue commercial licensure and seek to offer individual and family products in the Exchange. These major upcoming decisions may greatly impact the ability for consumers to maintain continuous or single-source coverage if they desire, amidst income or household changes.

The Problem:

- **Whole Family Discontinuity**: *Mixed coverage options put family members into different plan and provider networks*. In 2014, parents with income below 138%[1] of the federal poverty level (FPL) will be able to secure Medicaid coverage on the same plan as their children. However, parents with incomes between 139-300% of the FPL will potentially face mixed coverage – they will be covered by a subsidized qualified health plan (QHP) in the Health Benefits Exchange (Exchange) while their children will be covered in Medicaid or CHIP. Furthermore, women in this income range who become pregnant may be Medicaid eligible during their pregnancy[2] but will revert back to Exchange coverage afterwards while the newborn child remains covered in Medicaid. Mixed coverage situations can create confusion and barriers to accessing care for the entire family. Some families may prefer mixed coverage but when possible, families should have the option to have the same coverage with care provided through a common provider network.

- **Churn**: *Movement between Exchange and Medicaid*. A significant number of adults are expected to move from Exchange to Medicaid eligibility in a given year because of income changes, and many whose incomes fall below 138% of the FPL will rise above that level sometime during the year. Without a streamlined option, many of these adults may be forced off their Exchange plan into a different Medicaid plan, resulting in a series of problems for the consumer, plan, and state purchaser:

[1] Under the ACA, the 133% of the FPL income limit is effectively 138% of the FPL because of a 5% across-the-board income disregard.
[2] Pregnant women are eligible for Medicaid coverage if their income is up to 185% of the FPL – the unborn infant(s) are included in the determination of family size.

- Discontinuity of provider relationships leads to inconsistent, lower quality of care and increases costs, e.g., due to duplication of diagnostic tests and the need to coordinate or renew treatment plans.
- Frequent turnover in enrollment adds to administrative expenses for plans.
- Incentives for plans and providers to invest in longer-term health improvements are undermined, because enrollment turnover means plans cannot expect to benefit from such investments. Thus, efforts to improve the overall cost-effectiveness of the health care system will suffer.
- Individuals whose income and eligibility status changes multiple times during the year might have to satisfy a deductible more than once during a plan year.
- Frequent enrollee switching among plans will make it difficult for the state to enforce benefit limits and will compromise state efforts to measure and compare quality across contracted plans over time.

Proposed One-Card Solution:

Permit carriers (at their option) that offer QHPs in the Exchange to also participate in the Medicaid managed care delivery system on a limited basis. This "One-Card" option would allow carriers to serve Exchange nexus populations - individuals who churn between Exchange and Medicaid coverage, and families with mixed Exchange/ Medicaid/ CHIP coverage. Carriers electing this option would be able to cover:

- **Medicaid or CHIP-eligible children of parents enrolled in a QHP.** Medicaid or CHIP-eligible children would be permitted to enroll in, and remain covered under, the One-Card Medicaid plan for the full duration of their 12-month continuous eligibility period, regardless of their parent's ongoing coverage status.
- **Women enrolled in a QHP who become Medicaid-eligible due to pregnancy.** Women receiving Exchange tax credits, who become pregnant, would have the option of staying with the same carrier and providers, but would receive full Medicaid coverage (and no cost sharing) for the duration of their Medicaid eligibility. After giving birth, they would be able to stay with the same Exchange plan (or select a new plan) if desired, assuming household income remained the same. The newborn child(ren) would remain eligible for ongoing Medicaid coverage under the One-Card option.
- **QHP enrollees who become Medicaid eligible due to income fluctuations.** Exchange enrollees who become Medicaid eligible as a result of income changes would also have access to the seamless One-Card coverage option until the following open enrollment period. If their income did not rise above 138% of the FPL by such time limit, they would be deemed eligible for traditional Medicaid coverage during the open enrollment period and would be automatically assigned to a fully participating Medicaid managed care carrier.

Additional Details:

The following additional terms and conditions apply to the One-Card option:

- A participating carrier would offer a QHP in the Exchange and would also obtain status as a "Limited Medicaid Plan". The process to obtain "Limited Medicaid Plan" status would be separate from the existing Medicaid managed care procurement process.
- Medicaid managed care contracting requirements in effect must be met by the Carrier, to the extent those requirements are not inconsistent or in conflict with the limited participation elements of the One-Card option.

- To the extent possible, there would be alignment between Exchange/Medicaid eligibility and enrollment periods for children and adults, to best preserve continuous eligibility protections for children.
- The same provider network must be used for the Exchange and Medicaid populations served by One-Card.
- Enrollees receiving Medicaid coverage through a One-Card carrier would have Medicaid benefits and protections and the carrier would be paid Medicaid rates.
- The One-Card option would operate as a "bridge" program until a more comprehensive and streamlined fix for churn and whole family coverage could be reached, or until the market reaches a level of alignment that makes the need for such an option unnecessary.
- To accommodate the start-up Exchange open enrollment period for coverage beginning 1/1/2014, One Card enrollment in Medicaid (for children of parents who want a single family plan) would need to begin October 2013. In subsequent years this would not be an issue.
- One Card enrollees dropping into Medicaid coverage during the last quarter of a calendar year would have the opportunity to maintain their coverage through two open enrollment cycles (i.e., a maximum of 15 months on Medicaid).

Operational Limitations and Parameters for a "Clunky" Solution":

To implement the One-Card solution with the start-up of the Exchange and Medicaid expansion, an administratively "clunky" approach would be necessary given the compressed timeline for systems' development and adequate testing.

- One-Card eligible clients would be auto-assigned to one of the contracted Medicaid managed care organizations, consistent with the existing (2012) Medicaid process. Version 1.0 of the Exchange system would be unable to systematically override Medicaid auto-assignment. However, One-Card eligible clients would have the option of selecting a "Limited Medicaid Plan" following their initial assignment.
- Neither the HCA nor the Exchange would notify consumers of this option, however, carriers and/or providers could provide pertinent information.
- HCA staff would have real-time access to QHP enrollment information and would be able to verify individual level eligibility for the One-Card continuity or whole-family coverage option.
- The Exchange would generate a regular report for participating One-Card carriers, identifying adults with Medicaid-eligible dependents and those with income or household changes that impacted their advanced premium tax credit eligibility.